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# TOO GOOD TO BE TRUE....

## A Column on Consumer Issues

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### **FAIR DEBT COLLECTION**

If you use credit cards, owe money on a personal loan, or are paying on a home mortgage, you are a "debtor." If you fall behind in repaying your creditors, or an error is made on your accounts, you may be contacted by a "debt collector."

When owing a legitimate bill that is overdue, a debtor should immediately try to make arrangements with the company owed. If arrangements are unsuccessful or the amount owed is still not paid, collection agencies will usually be called upon to contact the debtor. Most of these agencies are ethical in their practices. However, some use practices that are unethical as well as illegal.

The Fair Debt Collection Practices Act requires that debt collectors treat you fairly by prohibiting certain methods of debt collection. Much of the law places limits on the activities of debt collectors, which are defined as any person, other than the creditor, who regularly collects debts owed to others. For instance, it can be an attorney who regularly collects debts or a company that pursues debt collection as a business practice.

Debt collectors may contact you in person, through the mail, or by telephone, telegram, or fax. However, they may not contact you at unreasonable times or places, such as before 8 a.m. or after 9 p.m., unless you agree. A debt collector also may not contact you at work if the collector knows that your employer disapproves.

You can stop a debt collector from contacting you by writing a letter to the collection agency telling it to stop. After that, the agency may only contact you to say there will be no further contact or to notify you that some specific action will be taken.

Certain types of collection practices are expressly prohibited. Harassment, threats of bodily harm, or the advertisement of your debt is prohibited. Debt collectors may not make false statements about your credit history or lie about what action they can legally take against you.

Often collection agencies obtain a group of overdue accounts from a creditor. If the agency collects what is owed, they receive a percentage of the payment in return for their services. If the collection agency collects a percentage of what is paid, the original creditor still owns the account and the collection agency has no right to sue the debtor. Some unscrupulous collectors will threaten to take a debtor to court when actually they do not have the legal right and have no intention to do so. Actually, all the collection agency can do in this situation is to put a derogatory entry into a debtor's credit report,

which may follow the debtor for years. This kind of scare tactic frequently works but is illegal.

You have the right to sue a debt collector in state or federal court if you believe the law was violated.

The North Dakota Department of Financial Institutions must license all debt collectors. You can file a complaint against a debt collector by contacting the Department of Financial Institutions at 701-328-9933.

*The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at [www.ag.state.nd.us](http://www.ag.state.nd.us).*

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